

URGENCY OF FINANCIAL RATIO SCREENING REGULATION FOR MSMEs CO-FUNDING ON SECURITIES CROWDFUNDING SERVICE

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Abstract: As of May 7, 2024, the securities crowdfunding cycle has facilitated the funding of 356 securities, comprising 231 equity securities, 20 debt securities, and 105 sukuk securities. Sukuk experienced an increase in the share of sharia securities funding with a percentage of 30%, up from 22% in 2023. This increase in funding was not accompanied by a specific, legally binding screening standard for sharia securities issuers in the securities offering mechanism. Financial Services Authority or Otoritas Jasa Keuangan (OJK) Regulation Number 35 of 2017 cannot be legally applied as a screening standard for this funding. This research employs a library research methodology with a socio-legal approach to examine this regulatory void. Primary data consists of OJK Regulation No. 35 of 2017 and OJK Regulation No. 57 of 2020, supported by secondary data on offering mechanisms, funding growth, and relevant literature. The study found a lack of specific regulations governing screening standards (core business and financial ratio) for Sharia securities in the SCF cycle. Currently, guidelines are often informally drawn from OJK Regulation No. 35 of 2017, which is legally inappropriate as it is intended for the public-company setting of the Indonesia Stock Exchange. The findings highlight the need for a specific regulation governing screening standards for securities crowdfunding funding. Adopting an economic approach to legal science, this study proposes the development of a specific OJK Regulation (POJK) that provides clear screening criteria and permanent legal consequences for issuers or publishers who violate the Sharia securities criteria.

Keywords: Securities Crowdfunding, Standard Screening, Rechtvacuum, MSMEs

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Introduction

Technology plays a major role in the development of financial technology, which also develops electronic fundraising to improve efficiency, accessibility, and accountability in meeting working capital needs. The fundraising is carried out through a securities crowdfunding mechanism¹ with binding financial contracts regarding profit sharing, revenue sharing, and similar acquisitions. In the implementation of securities crowdfunding, capital participation can also be carried out by investors in the form of bonds, or sukuk, from MSMEs ((Micro, Small, and Medium Enterprises are productive businesses run by individuals or business entities that are not subsidiaries or branches of companies) and start-up company investors.² In general, fundraising through the capital market is carried out in developed countries by utilising developed financial technology,³ such as E-Wallet⁴. The development of securities crowdfunding services in Indonesia has utilised zakat and waqf funds, especially to face the development of a more productive era in accordance with the objectives of Islamic law.⁵

The fundraising is to fund medium- and small-capitalization issuing companies that can apply for funding through securities crowdfunding services by issuing securities as instruments to participate in ownership, debt securities, and sukuk, such as securities offerings held in the capital market, but funding in this service aims to help MSMEs expand their businesses.⁶ Classification of MSMEs: MSMEs can receive public funding classified as issuing companies with provisions of being a business entity that

¹ Paul Belleflamme, Thomas Lambert, and Armin Schwienbacher, "Crowdfunding: Tapping the Right Crowd," *SSRN Electronic Journal*, 2012, <https://doi.org/10.2139/ssrn.1578175>.

² Rastri Kusumaningrum Gigih Prahastoro, Firdaus Yuni Dharta, "Strategi Komunikasi Pemasaran Layanan Securities Crowdfunding Dalam Menarik Minat Masyarakat Untuk Berinvestasi Di Sektor Ukm," *Kinerja Jurnal Ekonomi Dan Manajemen* 18, no. 2 (2021), <https://doi.org/https://doi.org/10.30872/jkin.v18i2.9651>.

³ Asri Sitompul, *Pasar Modal, Penawaran Umum Dan Permasalahannya* (Bandung: Citra Adya Bakti, 1995).

⁴ Asmadi Mohamed Naim et al., "E-Wallet Models: An Appraisal of Sharia-Related Issues," *Ahkam: Jurnal Ilmu Syariah* 23, no. 2 (2023): 519–42, <https://doi.org/10.15408/ajis.v23i2.26596>.

⁵ Faisal Faisal et al., "Strengthening the National Waqf Ecosystem through Legal Reform: An Analysis of Waqf Issues in the Provinces of Lampung and South Sumatra," *Al-Istinbath: Jurnal Hukum Islam* 9, no. 1 (May 30, 2024): 81, <https://doi.org/10.29240/jhi.v9i1.9320>; Akmal Bashori et al., "The Transformation Of Zakat Law: An Analysis of Ijtihād Maqāṣidī in the Modernisation of Zakat Practices in Indonesia," *Jurisdictie: Jurnal Hukum Dan Syariah* 15, no. 1 (July 9, 2024): 34–72, <https://doi.org/10.18860/j.v15i1.26733>.

⁶ Article 1 (2-3) of the Republic of Indonesia Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises.

has a net worth of no more than IDR 10,000,000,000.00 (ten billion rupiah),⁷ and MSMEs have a standard net worth of micro units of IDR 50,000,000.00. Small units have a net worth of more than IDR 50,000,000.00-IIDR 500,000,000.00, and medium units have a net worth of more than IDR 500,000,000-IIDR 10,000,000,000.00 (ten billion rupiah). In the three classifications of units, the calculation of net worth does not include land and buildings for business premises.⁸

While in Indonesia, in May 2024, it had funded 356 securities, including 231 equity securities, 20 debt securities, and 105 sukuk securities. Sukuk experienced an increase in the share of sharia securities funding with a percentage of 30%, which increased from 2023 with a percentage of 22%. This growth began with the Financial Services Authority legitimising digital funding activities by issuing POJK Number 37 of 2018, which only offered equity securities with small market capitalisation. Financial Services Authority Regulation (POJK) Number 57 of 2020 was issued, which allowed debt securities and sukuk as securities offered. On the other hand, the losses experienced by Muslim investors in the suboptimal cycle of sharia capital participation, which does not provide protection in the form of guarantees that sharia principles are fulfilled in the implementation of securities crowdfunding-based crowdfunding services.

Rechtsvacuum makes a weak guarantee of the fulfilment of the implementation of sharia principles in the sharia capital participation cycle. If referring to Financial Services Authority Regulation Number 35 of 2017 concerning the criteria and issuance of the Sharia Securities List, it has been comprehensively regulated regarding the financial ratio screening method used in the initial public offering process or go-public mechanism. However, the standards contained in the regulation cannot be used to offer securities through crowdfunding services. This is because the regulation relating to the criteria for issuing the sharia securities list is a regulation in the initial public offering mechanism on the Indonesia Stock Exchange, not within the scope of crowdfunding services. Another underlying thing is that the offering of securities referred to in Law

⁷ Article 46 (1) c of the Regulation of the Financial Services Authority of the Republic of Indonesia Number 57 of 2020 concerning the Offering of Securities Through Information Technology-Based Crowdfunding Services.

⁸ Article (1-3) of the Republic of Indonesia Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises.

Number 8 of 1995 concerning the capital market is not the same as the offering of securities crowdfunding.⁹

There are other studies that are literature reviews that have a correlation, including one conducted by Suriyadi with the title “Legal Protection for Users of Crowdfunding Services Through Information Technology-Based Stock Offerings” In this study, the emphasis is on the responsibility of the organiser if a loss occurs caused by the organizer (Article 60 POJK 37/2018).¹⁰ Research conducted by Viodi Childnadi Widodo and Dona Budi Kharisma with a discussion “Problems of Legal Protection for Parties in Crowdfunding Service Transactions Through Information Technology-Based Share Offerings (*Equity-Based Crowdfunding*)” which criticises the offering of securities in POJK 37 2018 and risk mitigation.¹¹ Inda Rahadiyan dan Paripurna P. Sugarda conducted research on the scope of the open disclosure principle contained in the Capital Markets Law, which was reviewed in “The Urgency of Regulating the Principle of Transparency in Equity Crowdfunding and Its Implications for Investor Protection.”¹²

Research on standard screening was conducted by Kefi Miftachul Ulum and Muhammad Khoirul Ulum. In their research, there are two methods used in selecting the sharia effects of an issuer to be offered in an initial public offering, namely the core business screening method and financial ratio screening. This method is the standard for publishing a list of sharia effects in the offering mechanism on the Indonesia Stock Exchange, but in the implementation of the core business screening method, there are still issuers who pass the screening with violations of the AMDAL (Environmental Impact Analysis). The research was conducted with the title “*Screening Standards in*

⁹ Article 3 (1) of Financial Services Authority Regulation Number 57 of 2020 concerning Securities Offerings Through Information Technology-Based Crowdfunding Services.

¹⁰ Suriyadi Mamma, “Perlindungan Hukum Pengguna Layanan Urutan Dana Melalui Penawaran Saham Berbasis Teknologi Informasi,” *Jurnal Panorama Hukum* 5, no. 2 (December 29, 2020): 159–68, <https://doi.org/10.21067/jph.v5i2.4693>.

¹¹ Viodi Childnadi Widodo and Dona Budi Kharisma, “Problematika Perlindungan Hukum Terhadap Para Pihak Dalam Transaksi Layanan Urutan Dana Melalui Penawaran Saham Berbasis Teknologi Informasi (*Equity-Based Crowdfunding*),” *Jurnal Privat Law* 8, no. 2 (2020): 230–36, <https://doi.org/10.20961/privat.v8i2.48414>.

¹² Inda Rahadiyan and Paripurna P. Sugarda, “Urgensi Pengaturan Prinsip Keterbukaan Dalam Equity Crowdfunding Dan Implikasinya Terhadap Perlindungan Investor,” *Jurnal Hukum Ius Quia Iustum* 29, no. 2 (May 1, 2022): 261–82, <https://doi.org/10.20885/iustum.vol29.iss2.art2>.

*Sharia Capital Market Investor Legal Protection.*¹³ Research conducted by Lars Hornuf and Armin Schwienbacher with the title “Should Securities Regulation Promote Equity Crowdfunding?” discusses how important securities regulation is to promote equity-based crowdfunding products by criticising legal protection not only from the investor paradigm but also from the perspective of MSMEs and start-up companies.¹⁴

Literature review with legal protection research has a correlation with the research compiled by the compiler in the form of material or moral legal protection in the form of fulfilling sharia principles. In the literature review with research, standard screening is a reference for the standard screening process on the Indonesia Stock Exchange, which cannot be applied in the securities crowdfunding cycle. Various literature reviews found that novelty or newness that is important to study in the form of the implementation of the funding has a legal vacuum in the aspect of standard screening for the issuance of business units that will be offered, so it needs to be studied and evaluated comprehensively,¹⁵ as a transformation of sharia economic law by implementing the principles of Islamic law.¹⁶

Method

The legal problems described in the background will be studied comprehensively using library research methodology with a socio-legal approach. This approach is crucial for examining the regulatory framework (or lack thereof) in relation to its social and economic implications within the securities crowdfunding cycle. The study uses descriptive data analysis and comparative analysis methods. Primary data is sourced from Financial Services Authority Regulation Number 35/POJK.04/2017 concerning Criteria and Issuance of Sharia Securities Lists and Financial Services Authority Regulation of the Republic of Indonesia Number 57/POJK.04/2020

¹³ Kefi Miftachul Ulum and Mohammad Khoirul Ulum, “Screening Standards in Sharia Capital Market Investor Legal Protection,” *El-Mashlahah* 13, no. 1 (June 30, 2023): 77–91, <https://doi.org/10.23971/el-mashlahah.v13i1.5791>.

¹⁴ Lars Hornuf and Armin Schwienbacher, “Which Securities Regulation Promotes Crowdfunding?,” *SSRN Electronic Journal*, 2014, <https://doi.org/10.2139/ssrn.2412124>.

¹⁵ Saifullah Saifullah et al., “The Evaluation Of The Indonesian Fintech Law From The Perspective Of Regulatory Technology Paradigms To Mitigate Illegal Fintech,” *Jurisdiction: Jurnal Hukum Dan Syariah* 14, no. 2 (January 10, 2024): 233–64, <https://doi.org/10.18860/j.v14i2.24025>.

¹⁶ Miftakhul Huda and Hisam Ahyani, “Normative Justice and Implementation Related to Sharia Economic Law Disputes in Realizing Legal Certainty and Justice in Indonesia,” *Al-Risalah: Forum Kajian Hukum Dan Sosial Kemasyarakatan* 24, no. 1 (June 29, 2024): 103–19, <https://doi.org/10.30631/alrisalah.v24i1.1467>.

concerning Securities Offerings Through Information Technology-Based Crowdfunding Services. This is supported by secondary data from the Financial Services Authority, Indonesian Central Securities Depository, legal and economic literature, and other relevant data on securities crowdfunding. Furthermore, the analysis adopts an economic approach to legal science by providing suggestions for the necessary development and improvement of the existing OJK Regulations (POJK).

Urgency of Standard Screening Based on Funding Growth Study in the Securities Crowdfunding Cycle

The development of financial technology (fintech) produces digital payments, digital wallets, investments (equity crowdfunding), peer-to-peer lending, and financing (crowdfunding, microloans, and credit facilities).¹⁷ The impact of fintech is significant to the financial services business model that innovates to produce business models, products, and service applications.¹⁸ Crowdfunding is part of fintech, which comes from English, which consists of two words: crowd, which means crowded, a crowd of the same kind, and funding, which means funding, capital, financing, and the like,¹⁹ such as funding art and theatre performances in China.²⁰

The concept of mutual cooperation involving elements of society in collecting funds in Indonesia for commercial purposes, not donations, gifts, or assistance, was carried out in 2018. The collection of community funds is regulated through Financial Services Authority Regulation Number 37 of 2018 concerning Crowdfunding Services Through Information Technology-Based Stock Offerings. The impact of this regulation was the beginning of the growth of fundraising to fund MSMEs, which in the early stages of 2018 was carried out through a securities offering scheme that funded 14 issuers (MSMEs) with a funding value of IDR 16.47 billion. In the following year, 2019, issuers (MSMEs) who received funding increased by 49 issuers with a funding

¹⁷ Meline Gerarita Sitompul, "Urgensi Legalitas Financial Technology (Fintech): Peer To Peer (P2P) Lending Di Indonesia," *Jurnal Yuridis Unaja* 1, no. 2 (2018): 70, <https://doi.org/https://dx.doi.org/10.5281/jyu.v1i2.428>.

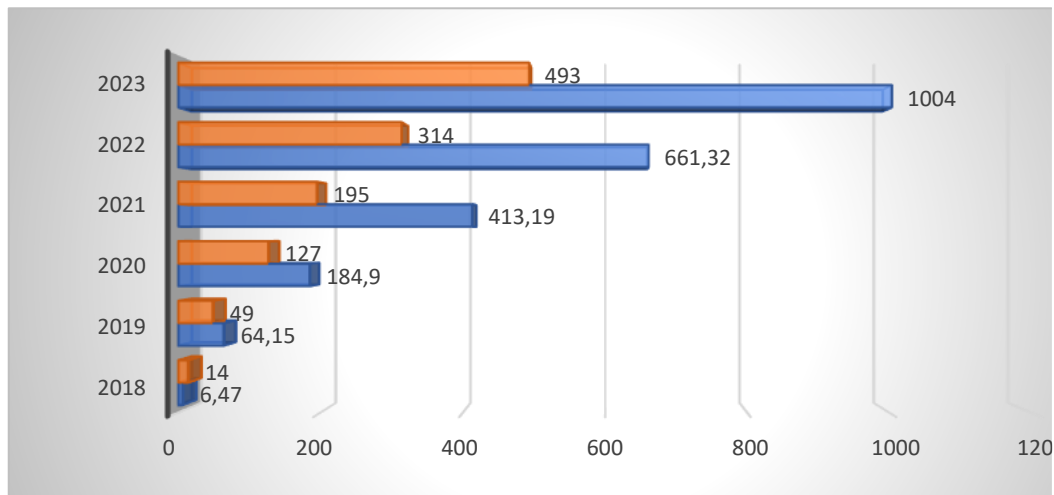
¹⁸ Hida Hiyanti et al., "Peluang Dan Tantangan Fintech (Financial Technology) Syariah Di Indonesia," *Jurnal Ilmiah Ekonomi Islam* 5, no. 3 (January 12, 2020): 2, <https://doi.org/10.29040/jiei.v5i3.578>.

¹⁹ Iswi Haryani, "Perlindungan Hukum Sistem Donation Bases Crowdfunding Pada Pendanaan Industri Kreatif Di Indonesia," *Jurnal Legislasi Indonesia* 12, no. 4 (2015): 6.

²⁰ Qiao Chen, Tong Chen, and Yongjie Wang, "How the Expanded Crowd-Funding Mechanism of Some Southern Rural Areas in China Affects Cooperative Behaviors in Threshold Public Goods Game," *Chaos, Solitons & Fractals* 91 (October 2016): 649–55, <https://doi.org/10.1016/j.chaos.2016.08.015>.

value of IDR 64.15 billion, and in 2020, issuer funding (MSMEs) increased three times from 2019 with a total of 127 issuers (MSMEs) with a funding value of IDR 184.9 billion. The funding obtained by the issuer (UMKM) is crowdfunding in the initial stage, which is of the equity crowdfunding type, meaning that funding is carried out by offering securities from the issuer (UMKM) with equity or stock securities instruments.

Figure. 01.



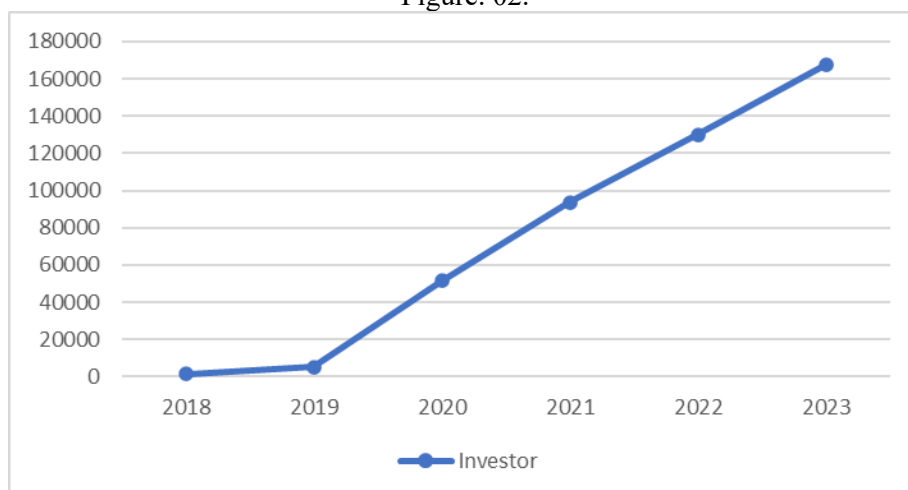
(Source : KSEI, OJK, Shafiq dan emitennews.com)

In 2020, a new regulation was issued in the form of Financial Services Authority Regulation Number 57 of 2020 concerning Securities Offerings Through Information Technology-Based Crowdfunding Services. After the change in 2021, the number of issuers (MSMEs) that received funding amounted to 195, with a funding value of IDR 413.19 billion. In the following year, 2022, the number of issuers (MSMEs) who received funding amounted to 314, with a funding value of IDR 661.32 billion. Then in 2023, the issuers (MSMEs) who made securities offerings amounted to 493, with a total value reaching IDR 1,004 billion, or 1 trillion. This significant growth with growth/year progress is the impact of regulatory changes in 2020. These changes have an impact on the types of securities offered, which are more varied than before. The variety of securities provides opportunities for asset diversification instruments for investors, and for issuers (MSMEs), it provides options for raising funds for projects to be carried out. These variations are in the form of equity crowdfunding (ECF: equity securities, namely

shares), debt crowdfunding (DCF: debt securities, namely bonds), and sukuk, or securities based on sharia principles.

The next regulatory change occurred in 2021 in the form of Financial Services Authority Regulation Number 16 of 2021 concerning Amendments to Financial Services Authority Regulation Number 57/POJK.04/2020 Concerning Securities Offerings Through Information Technology-Based Crowdfunding Services. This change does not change the previous provisions but rather removes and adds technical provisions to the old regulations. These changes affect the concept of securities offerings in MSME funding, which was initially based on equity crowdfunding but has developed into securities crowdfunding. This also affects the growth of investors, who fund various types of securities or projects submitted by issuers (MSMEs), the growth of which can be presented in the form of a graph below.

Figure. 02.

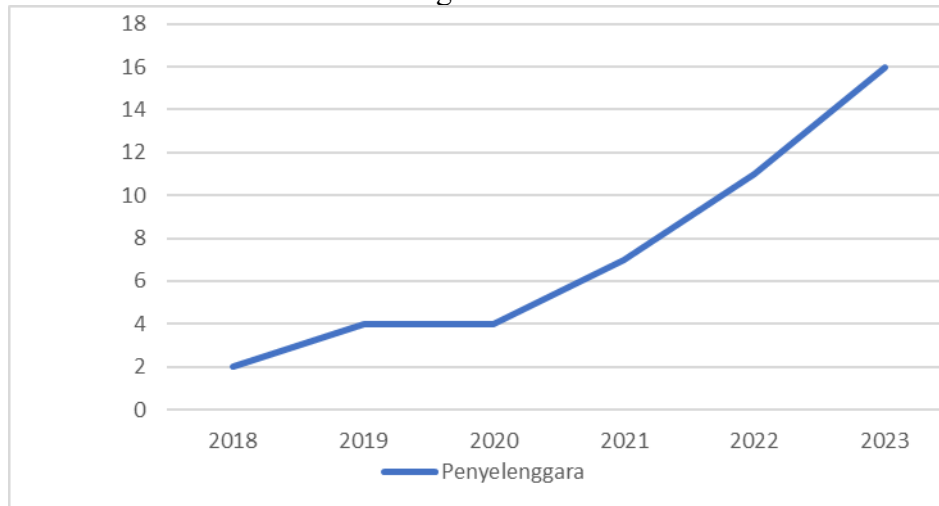


(Source : KSEI, OJK, Shafiq dan emitennews.com)

The growth in the number of investors funding issuers (MSMEs) in the form of sectoral businesses and projects began in 2018 with 1,380 investors and grew to 5,063 investors in 2019. Changes in regulations based on equity crowdfunding developing into securities crowdfunding have had a significant impact on the interest of the public to participate in funding businesses and projects offered by issuers. Specifically, in 2020, the number of investors participating in funding increased by five times from 2019 to a total of 51,414 investors. Then, in the following year, 2021, it increased again, with a total of 93,733 investors, and in the following year, 2022, it increased to 129,958

investors. In 2023, public interest continues to increase in the securities crowdfunding funding scheme, and trust in the economic cycle has become an investment diversification instrument, with a total of 167,788 people funded. The significant growth in the number of financiers or investors is influenced by the growth in the number of crowdfunding service providers, as shown in the graph below.

Figure. 03.



(Sumber : KSEI, OJK, Shafiq dan emitennews.com)

The organising company that organises publisher funding (UMKM) through the equity crowdfunding cycle in 2018 consisted of two companies. In the following year, the growth of organising companies in 2019 increased 2-fold to 4 organising companies and did not experience growth or flatness in the following year, 2020. Growth in the following year, 2021, increased by 0.75 times, or 75%, with the number of organisers becoming 7 organising platforms. In 2022, the number of the number of companies that provide services as intermediaries for publishers and investors increased to 11 organising companies or platforms. In 2023, the number of organising companies increased to 16, and at the exact time of June 2024, the number of organising companies was still the same. Meanwhile, according to data released by the Indonesian Central Securities Depository, or KSEI, the organising companies numbered 14 organising platforms..

The growth projection in 2024 can be used by the method of finding the average to find the growth projection in the coming year. Based on the funding value growth data that has been presented through graphs and descriptions, the potential growth in

funding value in 2024 is projected to increase by 46%, or around Rp. 468.8 billion, to Rp. 1,472.6 trillion, which in 2023 will be worth Rp. 1,004 trillion. The potential growth in issuer funding (securities, MSMEs, and start-up companies) in 2024 is projected to increase to 48%, or 731.4 issuers, from the previous year, which amounted to 493 issuers. For the projection of investor or financier growth, it is projected to grow to 257,651 investors, an increase of 53% from 2023, which amounted to 167,788 investors. This projection is a calculation that does not consider other economic factors or policies or regulations that will be set.

The Crowdfunding Service Association, or ALUDI, through its Secretary General Patrick Gunadi, released data showing that the number of publishers from 2019 to 2023 has increased 10-fold, with a total of 550 publishers. The total growth in fundraising reached IDR 1.1 trillion, with a total of 168,149 investors. The growth projection is targeted to collect funding of IDR 1.5 trillion, with a target of funding 825 publishers or MSMEs.²¹ The projection is carried out by calculating the CAGR formula, or compounded annual growth rate, meaning the calculation of growth using data from the previous year to project growth in the following year.

The projections that have been calculated by the compiler using the average annual growth calculation method and the calculations carried out by ALUDI can be integrated with the growth data on the distribution of effects in the quarterly report below:

²¹ Arif Ferdianto, Kinerja Industri Urun Dana Melesat di 2023, Begini Targetnya Pada 2024, website (Februari, 2024). <https://keuangan.kontan.co.id/news/kinerja-industri-urun-dana-melesat-di-2023-begini-targetnya-pada-2024>

Table. 01.
List of Securities Crowdfunding Organizers and Effects (As of May 7, 2024)

No	Issuers Code	Company	Product	Amount
1	BZHR1	PT Investasi Digital Nusantara (Bizhare)	ECF	99
			DCF	-
			Sukuk	15
2	CRWD1	PT Crowddana Teknologi Indonusa (Crowddana)	ECF	33
			DCF	-
			Sukuk	-
3	DSMB1	PT Dana Saham Bersama (Danasaham)	ECF	2
			DCF	-
			Sukuk	-
4	FNDX1	PT Dana Investasi Bersama (Fundex)	ECF	1
			DCF	-
			Sukuk	6
5	LNDX1	PT ICX Bangun Indonesia (LandX)	ECF	40
			DCF	-
			Sukuk	-
6	LBSU1	PT LBS Urun Dana (LBS)	ECF	5
			DCF	-
			Sukuk	21
7	SDIM1	PT Santara Daya Inspiratama (Santara)	ECF	50
			DCF	-
			Sukuk	-
	SHFQ1	PT Shafiq Digital Indonesia (Shafiq)	ECF	1
			DCF	-
			Sukuk	57
9	EKUI1	PT Likuid Jaya Pratama (Ekuid)	ECF	-
			DCF	7
			Sukuk	-
10	DNMR1	PT Dana Aguna Nusantara (Danamart)	ECF	-
			DCF	12
			Sukuk	-
11	FLSM1	PT Fintek Andalan Solusi Teknologi (Fulusme)	ECF	-
			DCF	1
			Sukuk	-
12	VSKU1	PT Amantra Investama Indodana (Visiku)	ECF	-
			DCF	-
			Sukuk	-
13	VSTR1	PT Halalvestor Global Asia (Vestora)	ECF	-
			DCF	-
			Sukuk	3
14	URUN1	PT Urun Bangun Negeri (Urun RI)	ECF	-
			DCF	-

			Sukuk	3
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<i>Equity Crowdfunding</i>	:	231
<i>Debt Crowdfunding</i>	:	20
<i>Sukuk Crowdfunding</i>	:	105
		356

The compiler's hypothesis that assumes the growth of issuers or securities that will receive funding in 2024 is that 731.4 issuers with a funding value of IDR 1,472.6 billion have a high probability of achieving the compiler's assumption. This hypothesis is integrated with the latest securities distribution report presented in the table above, with a total distribution of 356 securities, detailed as equity or stock securities totalling 231, debt securities totalling 20, and sukuk securities totalling 105. The data was released by KSEI on May 7, 2024, or has been running for 5 months in 2024, with a securities growth rate of around 50% of the compiler's hypothesis in projecting the growth in the number of securities. To achieve the hypothesis projection that the compiler has built, at least 50% of the target of 731.4 issuers or securities with a remaining time span of 7 months in 2024 calculated from the release data will be met. This target can be achieved if political and economic stability is maintained in 2024.

The hypothesis is built using a technical theory approach to analysing a trend pattern, namely, market action discounts everything. The compiler's hypothesis will be fulfilled if political and economic stability is maintained, because on the basis of this theory, if political and economic conditions are unstable, then the hypothesis will not be achieved because the movements that occur in the market have represented all the factors that occur. The theory of prices moving in trends, and the application of this theory by referring to the growth trend of funding in securities crowdfunding services since 2018–2023, has always increased, so that there is a trend pattern in the movement or growth that increases every year. The last theory is history repeating itself; the application of this theory is that by referring to past growth data, past growth will be repeated in the future because each movement or growth has its own tendency, and this theory is in line with the theory of Newton's first law by Isaac Newton in his paper

Philosophiae Naturalis Principia Mathematica, which broadly states that a movement pattern has a tendency to continue rather than not.²²

Standard Screening Methods for Financial Ratios

Financial ratio screening This method of screening is a screening process of the issuer's effects using the issuer's financial ratio indicators. Screening is carried out based on several pieces of data from the company's financial reports and its financial ratios. Based on the regulations issued by the Financial Services Authority regarding the criteria and list of sharia effects containing standardised issuer financial ratios, the financial ratios that must be owned when submitting an application for sharia effects must have a ratio of accumulation of no more than 45% (interest-bearing debt components must not exceed 45% of total assets). Then for the income obtained by the issuer in running its business or business with a ratio of 10%, meaning non-halal income and interest compared to the company's total income and other income..²³

There are several variations on financial ratio screening with reference to financial ratio screening in Malaysia. In Malaysia, different limits are set, including 5% for business activities that are explicitly prohibited under sharia principles, such as interest-bearing bank loans, liquor, gambling, and those containing pork elements; a 10% provision specifically for business models that are prohibited but difficult to avoid, such as margins on deposits from conventional banking deposits and cigarette products; and a 20% provision specifically for receipts from casinos, liquor, pork elements, hotels, and stock transactions that are not permitted by sharia.²⁴

The ratio standard imposed by the Financial Services Authority in issuing a list of sharia securities with a maximum percentage of 45% of the total usurious debt of the total assets in the compiler's review is an effort to maintain the order of national financial circulation. This policy certainly refers to the implementation of the capital market, and based on the Capital Market Law, a public company can conduct an initial

²² Edianto Oong, *Technical Analyst for Mega Profit* (Jakarta: PT. Gramedia Pustaka Utama, 2016).

²³ Article 2 (3) of Financial Services Authority Regulation Number 35 of 2017 concerning Criteria and Issuance of List of Sharia Securities.

²⁴ Noor Latiffah Adam dan Nordin Abu Bakar, "Shariah Screening Process in Malaysia," *Journal Procedia - Social and Behavioral Sciences*, no. 121 (2014): 116.

public offering with a minimum paid-up capital of IDR 3,000,000,000.00 (three billion rupiah) to unlimited.

Table 3:
List of Sharia Issuers (*Per 13 Oktober 2023*)

No	Issuers Code	Company	Market Capitalization
1	TLKM	PT. Telkom Indonesia Tbk	282,33 T
2	ASSI	PT. Astra International Indonesia	197,96 T
3	UNVR	PT. Unilever Indonesia Tbk	90,80 T
4	ICBP	PT. Indofood CBP Sukses Makmur Tbk	131,49 T
5	BRIS	PT. Bank Syariah Indonesia Tbk	121,48 T
6	ANTM	PT. Aneka Tambang Tbk	33,28 T
7	PTBA	PT. Bukit Asam Tbk	31,11 T
8	ITMG	PT. Indo Tambang Raya Megah Tbk	29,60 T
9	SIDO	PT. Industri Jamu dan Farmasi Sd Mncl Tbk	21,90 T
10	JPFA	PT. Japfa Comfeed Indonesia Tbk	18,59 T

Source: Indonesia Stock Exchange

The use of market capitalisation for each issuer is based on the availability of capital for the issuers in the table. When the issuers carry out a corporate action that requires capital, of course the operational capital needed is large because the market reach for each issuer is large. For example, PT. Bank Syariah Indonesia Tbk has a market cap of 121 T with cash of 4.9 T, assets of 313 T, and liabilities of 277 T. The amount of cash owned by PT. Bank Syariah Indonesia Tbk (currently the largest Islamic bank in Southeast Asia) will not be able to accommodate or mobilise capital when the issuer, PT. Telkom Indonesia, needs operational capital to develop its business. This is

based on the highest capitalisation in the Islamic issuer index. So that the ratio of usurious debt with a maximum tolerance limit of 45% of total assets becomes a reasonable figure in the application of the financial ratio of sharia securities, especially when compared to one issuer, not all sharia issuers, which currently number 558 sharia issuers.

The financial ratio screening is aimed at effects in the public offering mechanism on the Indonesia Stock Exchange that have a large market capitalisation. In addition to the regulation issued by the Financial Services Authority regarding the issuance standards for the list of sharia securities, it explains that issuers who can issue securities are public companies with a minimum paid-up net capital of IDR 3,000,000,000.00 (three billion rupiah). In contrast to the regulation governing the offering of securities through crowdfunding services, there is no regulation regarding the financial ratio standards for issuers who will issue their securities, so this becomes a problematic regulation that does not provide legal certainty for investors. So the absence of the ratio standard raises questions regarding what financial standards are used to sort out the effects of issuers who apply for registration. This is also reinforced by the Financial Services Authority's policy that the offering of securities carried out through the BEI mechanism, specifically for BEI, is not intended for offerings on crowdfunding services as described in the Law on Capital Markets.²⁵

The compiler reviews the maximum usurious financial ratio standard of 45% by looking at the general picture of market capitalisation conditions and available capital. Then, it can be formulated into the maximum standard of financial ratio in sharia crowdfunding services. Funding collected through the securities crowdfunding scheme has reached a value of 1 T.²⁶ The accumulated value of funding in the crowdfunding service is a general picture of the market capitalisation owned by Bursa Securities. If calculated, the cash ratio from usurious debt that can be applied is a ratio of 10–15%; this is certainly a small percentage given the availability of cash in conventional banking capitalisation and other non-bank institutions. In fact, according to the

²⁵ Article 3 (1) of Financial Services Authority Regulation Number 57 of 2020 concerning Securities Offerings Through Information Technology-Based Crowdfunding Services.

²⁶ PT. Shafiq Digital Indonesia PT. Shafiq Digital Indonesia, "Pendanaan Melalui SCF Tembus 1 T: Dukung Kemajuan Indonesia," Shafiq Administrator, 2023, <https://shafiq.id/berita/264/pendanaan-melalui-scf-tembus-1-t-dukung-kemajuan-umkm-indonesia/baca>.

compiler, the cash ratio from usurious debt can be reduced to 0%, in the sense that the capital of the issuer of securities is 100% sharia, especially for sukuk-type securities. This calculates the amount of funding that reaches 1 T converted with the cash available at PT. Bank Syariah Indonesia Tbk of 4.9 T (this is not including market cap and assets). Of course, this capitalisation is able to cover the implementation of 0% net usury capital (there is still cash available from other Islamic banking and non-bank institutions). If we want to maintain national financial stability, of course the usury financial ratio of 45% can be reduced to 10-15% in securities crowdfunding-based securities offerings.

The emphasis on the usurious debt ratio of 10-15% of total assets is based on the maximum value of the collection and total assets, both of which are at Rp. 10,000,000,000.00, assumed to be small capitalisation when compared to the capitalisation on the Indonesia Stock Exchange. Then, the availability of sharia capital to fund the issuer of securities in the crowdfunding service cycle can be accommodated well if the issuer takes corporate actions that require operational capital for the purpose of expanding its business. The assumptions built on each issuing company are limited to collecting funds through the crowdfunding service cycle at Rp. 10,000,000,000.00, and the fundraising data published by PT. Shafiq Digital Indonesia as one of the organisers of the crowdfunding service reaches 1 trillion. The nominal amount, if converted to cash by PT. Bank Syariah Indonesia, which is worth 4.9 trillion, can certainly be mobilised in the sharia capital sector, but this does not include sharia banking institutions and other sharia non-banking institutions.

The usurious debt ratio of 10-15% of total assets can also encourage the quality assurance of sharia values in sharia securities issuing companies whose corporate governance (good corporate governance) is based on sharia principles, one of which is the increasingly small usurious debt ratio so that sharia capital can increase in percentage compared to the usurious debt ratio on the Indonesia Stock Exchange. So that the usurious debt ratio of 10-15% of total assets is a logical presentation to be met, this also does not include the contribution of investors or public investors in sharia funding if the issuing company takes corporate action and also as a form of religious spirit that is actualised in the economic cycle with more developed sharia values in various investment instruments.

Issuers who want to make an offering of sharia securities with capital that still contains usurious debt can take over debt from conventional banking to sharia banking or sharia financial institutions. This is like the take-over mechanism implemented in credit (KPR). These schemes are important for the compilers to create a screening standard related to the financial ratio for issuers who can use the 10-15% usurious debt scheme. This is based on the state of Indonesia as a country of law whose implementation uses positive law, not Islamic law (the principle of legality), so it is necessary to create a regulation on standard financial ratios to protect sharia principles for Muslim investors as a preventive protection effort that provides legal certainty and improves the Islamic economy by involving banking and non-banking sharia financial institutions.

The crowdfunding service with a small capitalisation classification mobilises legal entities or Indonesian business entities and also mobilises funding for MSMEs (micro, small, and medium enterprises). MSMEs have a standard net worth of micro units of IDR 50,000,000.00 (maximum turnover of IDR 300,000,000.00), small units have a net worth of more than IDR 50,000,000.00-IIDR 500,000,000.00 (maximum turnover of IDR 2,500,000,000.00), and medium units have a net worth of more than IDR 500,000,000-IIDR 10,000,000,000.00 (maximum turnover of IDR 50,000,000,000.00), where the three unit classifications do not include the calculation of the net worth of land and buildings for business premises.²⁷ This refers to the criteria for issuers of securities in crowdfunding services having a net worth of no more than IDR. 10,000,000,000.00, and the classification of MSMEs ranging from micro, small, and medium is included in the publisher classification.

Regarding the turnover of medium-sized businesses ranging up to IDR 50,000,000,000.00 when offering securities on crowdfunding services, there is no comprehensive regulation governing the maximum limit in the regulation of offering securities through crowdfunding services. So there is no clarity on the legal consequences if the net turnover obtained is more than IDR 10,000,000,000.00 (as the net worth limit), whether the medium-sized business unit is not registered and cannot offer securities again, and what the condition of the securities holders is when the net

²⁷ Article (1-3) of the Republic of Indonesia Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises.

worth limit is exceeded. This is also based on the absence of provisions on sanctions imposed when the net worth limit is exceeded when the issuer's securities have been offered to investors.²⁸

Referring to the Capital Market Regulations, namely the Capital Market Law, it explains that a public company is a company with a minimum net capital standard of Rp. 3,000,000,000.00 (three billion rupiah) and the Financial Services Authority Regulation concerning public offerings through information technology-based crowdfunding services. explains that the issuer who can offer its securities is an issuer with a maximum net capital of Rp. 10,000,000,000.00 (ten billion rupiah). Based on this, it is necessary to make changes to the capital standard rules for issuers in the capital market, which of course have a net capital of more than Rp. 10,000,000,000.00 (ten billion rupiah) and capital worth less than that, which is a category of public offerings through crowdfunding services. This aims to create segmentation that is in accordance with its market capitalisation, so that public offerings for public companies have the Indonesia Stock Exchange (large capitalisation) and issuing companies in crowdfunding services have the Bursa Securities crowdfunding (small capital).

The additional benefits of procuring market segmentation are useful for improving the professionalism of companies that are in their early stages of developing as an educational medium to apply the principles of good corporate governance and corporate social responsibility. So that the segmentation of the Bursa Securities crowdfunding as an instrument for developing a micro-medium-based capital participation cycle when it has reached the professional corporate level and experienced net asset growth of more than Rp. 10,000,000,000.00 (ten billion rupiah) can upgrade to become a public company and expand its market capitalisation, of course the scheme that the compiler explains has a positive impact in terms of economics and social, especially the opening of job opportunities.

Conclusion

The absence of regulations governing screening standards for crowdfunding securities services is an issue of legal vacuum in the pre-market and post-market mechanism processes. If the screening standard refers to Financial Services Authority

²⁸ Chapter XI Article 85 (1) there are no provisions regarding sanctions if the net assets limit is exceeded by more than IDR 10,000,000.00, what legal consequences apply.

Regulation Number 35 of 2017 concerning the criteria and issuance of the Sharia Securities List, which has a conflict of norms on the basis that the regulation applies to public companies and the offering of securities on crowdfunding services does not change the status of public companies to private, There are also recommendations for a re-evaluation of the financial ratio screening process and market segmentation between the Indonesia Stock Exchange and securities crowdfunding. This is to adjust the securities crowdfunding ecosystem, which is not comprehensive when compared to the capital market. Regulations are also needed to provide causality if the securities offered were initially sharia securities, but when they have been held by the public, they violate sharia principles.

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